



# INTERNATIONAL ASSOCIATION OF DRILLING CONTRACTORS

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8-1-97 VLB

30 July 1997

**Chairman**  
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Peterson Drilling Company

**Secretary-Treasurer**  
Bernie W. Stewart  
Falcon Drilling Company

## **International Service Center Houston (Headquarters):**

**President**  
Dr. Lee Hunt  
P.O. Box 4287  
Houston, Texas  
77210-4287  
15810 Park Ten Place  
Suite 242  
Houston, Texas  
77084-5134  
Phone: 281-578-7171  
Fax: 281-578-0589  
Internet: <http://iadc.org>

## **International Service Center The Netherlands:**

P.O. Box 13  
6880 AA Velp  
The Netherlands  
Velperweg 2/A  
6824 BH Arnhem  
The Netherlands  
Phone: 31/26-4431000  
Fax: 31/26-4424718

## **Washington:**

**Senior Vice President -  
Government Affairs**  
Brian T. Petty

1901 L Street, NW  
Suite 702  
Washington, DC  
20036-3506

Phone: 202-293-0670  
Fax: 202-872-0047

## **United Kingdom:**

P.O. Box 202  
Aberdeen AB9 8GE  
Scotland

Wood International Center  
Craigshaw Drive, West Tullos  
Aberdeen AB12 3GE  
Scotland

Phone: 44/1224-874800  
Fax: 44/1224-875600

Department of the Interior  
Minerals Management Service, MS4700  
381 Elden Street  
Herndon, VA 20170-4817

Re: Certification of Financial Responsibility

We are writing in response to the notice of proposed rulemaking published in the 25 March 1997 *Federal Register* to offer our comments.

As you are aware, IADC has been keenly interested in the development of regulations implementing the financial responsibility provisions of the Oil Pollution Act of 1990 since the Act's passage. Our primary interests have been to: (1) Assure that implementation of the financial responsibility provisions of the Act do not inappropriately serve as a barrier to development of offshore oil and gas resources; and (2) Eliminate, insofar as possible, confusing or conflicting regulatory provisions affecting mobile offshore drilling units (MODUs).

It is in regard to this last issue that we ask that consideration be given to revising the definition of "Covered offshore facility" proposed for 30 CFR 253.3. The proposed definition reads:

Covered offshore facility (COF) means a facility: (1) Including any structure, group of structures (including wells), mobile offshore drilling unit, equipment, pipeline or device (other than a vessel or other than a pipeline or deepwater port licensed under the Deepwater Port Act of 1974 (33 U.S.C. 1501 *et seq.*)) used for exploring for, drilling for, or producing oil (including storing, handling, transferring or processing oil associated with such production activities) or used for transporting oil from such facilities. This includes a well drilled by a MODU, but it does not include the MODU.

We find the proposed text to be unnecessarily confusing and would suggest that it be modified to more closely parallel the text of the existing regulations and to provide clearer guidance with respect to facilities constructed, erected, or operated from vessels. Accordingly, we recommend that the text be modified and a Note be added as follows:

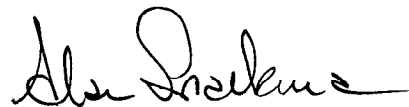
Covered offshore facility (COF) means a facility: (1) Including any structure, group of structures (including wells), ~~mobile offshore drilling unit~~, equipment, pipeline or device (other than a vessel or other than a pipeline or deepwater port licensed under the Deepwater Port Act of 1974 (33 U.S.C. 1501 *et seq.*)) used for exploring for, drilling for, or producing oil (including storing, handling, transferring or processing oil associated with such production activities) or used for transporting oil from such facilities. ~~This includes a well drilled by a MODU, but it does not include the MODU.~~ **A covered offshore facility is established from the moment a drill shaft or other device first touches the seabed for the purposes of exploration, development, or production of oil.**

**Note:** Requirements for establishing financial responsibility for vessels, including mobile offshore drilling units, may be found in 33 CFR part 138.

We believe that this change would clarify the rule with respect to MODUs and provide additional guidance with respect to the requirements for establishing financial responsibility for other vessels that may be engaged in OCS activities.

Please contact me should you have questions regarding this matter. I can be reached at IADC Headquarters by telephone (1-281-578-7171, ext. 207), facsimile (1-281-578-0589) or e-mail ([alan.spackman@iadc.org](mailto:alan.spackman@iadc.org)).

Sincerely,



Alan Spackman  
Director, Offshore Technical  
and Regulatory Affairs